

# THIS TOWN AIN'T BIG ENOUGH FOR THE BOTH OF US—OR IS IT? REFLECTIONS ON COPYRIGHT, THE FIRST AMENDMENT AND GOOGLE'S USE OF OTHERS' CONTENT

DAVID KOHLER<sup>1</sup>

## ABSTRACT

*Using a variety of technological innovations, Google became a multi-billion dollar content-delivery business without owning or licensing much of the content that it uses. Google's principal justification for why this strategy does not contravene the intellectual property rights of the copyright owners is the doctrine of fair use. However, over the last several years, some copyright owners began to push back and challenge Google's strategy. Much of this litigation presents the courts with something of a conundrum. On the one hand, it is beyond dispute that Google's services have great social utility. By organizing and making accessible an enormous volume of information on the Internet, Google facilitates broad access to a diverse array of material, a core value of the First Amendment. At the same time, Google's actions do not always fit comfortably within traditional notions of fair use. In this respect, the Google cases present an opportunity to explore the relationship between copyright and the First Amendment; a subject that has received inadequate attention in the courts, and particularly the Supreme Court. How the apparent tension between the marketplace of ideas and the commercial marketplace is resolved may have significant impact on the development of Internet-based services designed to facilitate access to information, and this subject is the focus of this iBrief.*

## INTRODUCTION

¶1 Using a variety of technological innovations, Google became a multi-billion dollar content-delivery business<sup>2</sup> without owning or licensing

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<sup>1</sup> Professor of Law and Director of the Donald E. Biederman Entertainment and Media Law Institute, Southwestern Law School. I am indebted to Robert Lind and Lon Sobel for their helpful suggestions. I also want to thank David Bodnariak for his research assistance.

<sup>2</sup> As of March 13, 2007, Google's market capitalization was 137.76 billion dollars. Google Finance, Mar. 13, 2007, <http://finance.google.com/finance?q=google&hl=en> (last visited Mar. 13, 2007).

much of the content that it uses. Google's various search services serve text and images drawn from across the Internet. YouTube, the company's latest acquisition, provides a forum for the circulation of third-party video. And, in perhaps its most ambitious undertaking, Google is in the process of copying over three-million books in an effort to create a fully searchable database of the world's literature.<sup>3</sup>

¶2 Most of the content lying at the core of Google's various services is, of course, subject to copyright protection. Although Google has recently begun seriously to explore licensing arrangements with some of the copyright owners whose works it includes,<sup>4</sup> to a large degree, Google copies and distributes others' copyrighted works without their permission. Thus, for example, many of the books incorporated into Google's searchable library—known as the Google Book Project—are still under copyright and Google has not secured permission from the owners to include their works.<sup>5</sup> Similarly, much of the content accessed through Google's search engines is copyright protected, and Google serves it without permission.<sup>6</sup>

¶3 Google's principal justification for why this strategy does not contravene the intellectual property rights of the copyright owners is the doctrine of fair use. The fair use doctrine overrides the exclusive rights of copyright owners<sup>7</sup> in cases where the social utility of permitting nonconsensual use outweighs the benefits that are perceived to accrue by allowing the author to control the use of a work.<sup>8</sup> The determination is based primarily on four factors codified in § 107 of the Copyright Act of 1976: (1) the purpose and character of the underlying use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the work used,

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<sup>3</sup> Although Google has not disclosed how much it will likely spend on the Library Project, one author estimated a cost in the range of 750 million dollars. See Jonathan Band, *The Google Library Project: Both Sides Of The Story*, MEDIA LAW RESOURCE CTR. BULL., at 101 (2006).

<sup>4</sup> Increasingly YouTube is attempting to negotiate a licensing arrangement with major media companies for the display of their content, but it has met with mixed success in these efforts. See, e.g., Miguel Helft and Gerladine Fabrikant, *WhoseTube? Viacom Sues Google Over Video Clips on Its Sharing Website* N.Y. TIMES, Mar. 14, 2007, at C1; Geraldine Fabrikant and Saul Hansell, *Viacom Tells You Tube: Hands Off*, N.Y. TIMES, Feb. 3, 2007, at B1.

<sup>5</sup> See Band, *supra* note 3 at 90-91; Allan R. Adler, *The Google Library Project*, MEDIA LAW RESOURCE CTR. BULL., at 73 (2006).

<sup>6</sup> See *Perfect 10, Inc. v. Google, Inc.*, 2007 WL 1428632 (9th Cir. May 16, 2007).

<sup>7</sup> See 17 U.S.C. § 107 (2000).

<sup>8</sup> See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994); *Castle Rock Entm't, Inc. v. Carol Publ'g Group Inc.*, 150 F.3d 132, 141 (2nd Cir. 1998).

and (4) the effect on the potential market for the copyrighted work.<sup>9</sup> The application of these factors is notoriously amorphous,<sup>10</sup> and fair use arguably does not provide the kind of predictable legal framework on which a company might want to base a multi-billion dollar enterprise.<sup>11</sup> Nevertheless, to date, Google has been relatively successful in its strategy.

¶4 However, over the last several years, some copyright owners began to push back and challenge Google's strategy.<sup>12</sup> Two lawsuits have been filed challenging the Book Project.<sup>13</sup> Google Image Search, one of its principal search engines, is currently in litigation with the publisher of an adult magazine.<sup>14</sup> A major news service has sued Google over its news aggregation service.<sup>15</sup> Additionally, YouTube was recently sued by Viacom for what was described as "massive intentional copyright infringement."<sup>16</sup> These litigations all challenge, or are likely to challenge, Google's view of the proper scope of fair use.<sup>17</sup>

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<sup>9</sup> See 17 U.S.C. § 107.

<sup>10</sup> See *Campbell*, 510 U.S. at 577-78.

<sup>11</sup> See generally *infra* notes 76-77 and accompanying text.

<sup>12</sup> See, e.g., John Gapper, *Microsoft attacks Google on copyright*, FT.COM, Mar. 5, 2007, <http://www.ft.com/cms/s/3109938c-cb61-11db-b436-000b5df10621.html>; Fabrikant and Hansell, *supra* note 4, at B1.

<sup>13</sup> Adler, *supra* note 5, at 73.

<sup>14</sup> See *Perfect 10, Inc. v. Google, Inc.*, 2007 WL 1428632 (9th Cir. May 16, 2007).

<sup>15</sup> First Amended Complaint For Preliminary And Permanent Injunction And Copyright Infringement, *Agence France Presse v. Google Inc.*, No. 1:05CV00546 (GK) (D.D.C. Mar. 17, 2005) [hereinafter AFP Complaint].

<sup>16</sup> Fabrikant, *supra* note 4; see also Paul R. La Monica, *Viacom sues 'GooTube' for \$1 billion*, CNNMONEY.COM, Mar. 13, 2007, [http://money.cnn.com/2007/03/13/news/companies/youtube\\_viacom\\_reaction/index.htm](http://money.cnn.com/2007/03/13/news/companies/youtube_viacom_reaction/index.htm). YouTube actually has been the subject of at least two lawsuits that are likely to challenge its fair use defense. Viacom's March 13, 2007, claim for one billion dollars is the most recent. See *id.* Previously, a videographer who shot the now famous beating of Reginald Denny during the 1992 Los Angeles riot sued YouTube claiming the repeated posting of that video violated his copyright. See *YouTube sued over copyright infringement*, ZDNET, July 18, 2006, [http://news.zdnet.com/2102-9588\\_22-6095736.html](http://news.zdnet.com/2102-9588_22-6095736.html).

<sup>17</sup> The legal issues associated with YouTube are significantly different from those presented by Google's search engines. First, while YouTube may assert any number of defenses, principal among them is the safe harbor protection afforded by § 512(c) of the Digital Millennium Copyright Act. See 17 U.S.C. § 512(c) (2000); Fred von Lohmann, *YouTube's Balancing Act: Making Money, Not Enemies*, THE HOLLYWOOD REPORTER, ESQ., July 10, 2006, [http://www.hollywoodreporteresq.com/thresq/spotlight/article\\_display.jsp?vnu\\_content\\_id=1002802746](http://www.hollywoodreporteresq.com/thresq/spotlight/article_display.jsp?vnu_content_id=1002802746). That provision effectively immunizes Internet websites hosting third-party material, provided they comply with certain notice

¶5 Much of this litigation presents the courts with something of a conundrum. On the one hand, it is beyond dispute that Google's services have great social utility.<sup>18</sup> By organizing and making accessible an enormous volume of information on the Internet, Google facilitates broad access to a diverse array of material, a core value of the First Amendment.<sup>19</sup> At the same time, Google's actions do not always fit comfortably within traditional notions of fair use.<sup>20</sup> This tension was most clearly illustrated in a recent decision by the United States District Court for the Central District of California holding that Google Image Search exceeded the bounds of fair use:

[Google Image Search is a copyright violation] despite the enormous public benefit that search engines such as Google provide. . . . [A]lthough it is appropriate for courts to consider the immense value to the public of such technologies, existing judicial precedents do not

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and takedown procedures. There are limitations to § 512 immunity, which are likely to be asserted in the lawsuits filed against YouTube. *See* Fabrikant, *supra* note 4. Second, although some also have argued that fair use may also provide a defense for YouTube, *see* von Lohman, *supra* note 17, posting substantial portions of others' copyrighted works for viewing by the general public seems more consumptive and less transformative than the kinds of activities that are enabled by the use of Google's search tools. It also seems far more susceptible to resolution through traditional application of the fair use doctrine and, thus, is not the focus of this iBrief. *See* Section III. *infra*.

<sup>18</sup> *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828, 848-49 (C.D. Cal. 2006), *aff'd in part and rev'd in part*, 2007 WL 1428632 (9th Cir. May 16, 2007).

<sup>19</sup> James Madison's oft-quoted observation is apt: "A popular Government without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy; or perhaps, both." *United States v. Caldwell*, 408 U.S. 665, 723 (1972) (Douglas, J., dissenting) (quoting James Madison, to W.T. Barry, Aug. 4, 1822, 9 Writings of James Madison 103 (G. Hunt ed., 1910)). The Supreme Court has often recognized that access to information is a fundamental premise underlying the First Amendment. *See, e.g., Associated Press v. United States*, 326 U.S. 1, 20 (1945) (The First Amendment "rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public."); *Pac. Gas and Elec. Co. v. Pub. Util. Comm'n of Cal.*, 475 U.S. 1, 8 (1986) ("[T]he First Amendment protects the public's interest in receiving information.").

<sup>20</sup> Indeed, it has been argued that the kinds of "[s]ystematic reproduction on a massive scale" that characterizes much of what Google and similar services do is "largely incompatible with the work-by-work analysis that is necessary for a definition of fair use" and is better addressed through other means such as legislation. *See* Rob Kasunic, *Preserving and Strengthening the Traditional Contours of Copyright*, 30 COLUM. J. L. & ARTS (forthcoming Spring 2007). This may well be the case, but at least for the time being, the only available solution appears to be a reasoned and sensitive application of the fair use doctrine. The broader question is beyond the scope of this iBrief.

allow such considerations to trump a reasoned analysis of the four fair use factors.<sup>21</sup>

¶6 In this respect, the Google cases present an opportunity to explore the relationship between copyright and the First Amendment; a subject that has received inadequate attention in the courts and particularly the Supreme Court.<sup>22</sup> How the apparent tension between the marketplace of ideas and the commercial marketplace is resolved may have significant impact on the development of Internet-based services designed to facilitate access to information, and this subject is the focus of this iBrief.

¶7 Section I reviews significant litigation currently involving Google.<sup>23</sup> Section II considers the relationship between First Amendment values and copyright doctrine. Finally, Section III offers some thoughts as to how the underlying values related to both the First Amendment and copyright might best inform the resolution of several novel issues presented by the Google disputes.<sup>24</sup> Before proceeding, however, a word of caution is in order. The aims of this iBrief are relatively modest; it examines several ways in which First Amendment values might better inform the resolution of some of the Google cases—and by analogy similar cases. It does not offer an analysis of a comprehensive solution to the difficult copyright issues that various new technologies are presenting. Nor does it attempt to analyze comprehensively all aspects of the Google litigation. Instead, this iBrief offers several observations as to how the First Amendment might usefully be employed.

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<sup>21</sup> *Perfect 10*, 416 F. Supp. 2d at 851. The tension is further highlighted by the recent reversal of the district court's fair use determination by the United States Court of Appeals for the Ninth Circuit. See *Perfect 10*, 2007 WL 1428632 at \*9-\*15. These decisions are discussed in detail *infra* Section III.A.

<sup>22</sup> See *infra* Section II.

<sup>23</sup> The review is not intended to be a comprehensive examination of all of Google's litigation in this field.

<sup>24</sup> The focus here is principally on two issues that present interesting questions about the intersection of copyright and the First Amendment. Obviously, these cases present many other issues which are not the subject of this iBrief.

## I. THE GOOGLE LITIGATION

A. *Perfect 10 v. Google, Inc.*<sup>25</sup>

¶8 Perfect 10 publishes an adult magazine featuring high-quality nude pictures of all-natural models.<sup>26</sup> The magazine also has an associated subscription-based website featuring images of the models.<sup>27</sup> Perfect 10 sued Google for copyright infringement arising out of Google Image Search. In response to textual searches, Google Image Search returns a series of reduced-size images linked to the websites from which they originate.<sup>28</sup> These images, known as thumbnails, are copied by Google from the source, reduced in size and resolution, and stored in Google's cache.<sup>29</sup> Each image is linked to the source website and, when a user clicks on a thumbnail, Google retrieves the relevant webpage and displays it in a frame split into two horizontal sections.<sup>30</sup> The upper frame originates from Google and contains the thumbnail image and information about the larger image.<sup>31</sup> The lower frame displays the original webpage where the image resides.<sup>32</sup> Google neither serves nor stores any of the content from the source website displayed in the lower frame.<sup>33</sup>

¶9 Perfect 10 sued Google for its display of Perfect 10's thumbnails and for displaying the source websites that contained Perfect 10's images. Most of these source websites displayed images of Perfect 10's models without Perfect 10's permission; in other words, many of the websites that Google linked to were copyright infringers.<sup>34</sup> Perfect 10 alleged that the exhibition of the images, both as thumbnails and from the source websites, directly infringed its display right protected by the Copyright Act.<sup>35</sup> Perfect 10 also alleged that by linking to and displaying the infringing websites, Google contributorily and/or vicariously infringed its copyrights.<sup>36</sup>

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<sup>25</sup> 2007 WL 1428632 (9th Cir. 2007), *rev'g in part and aff'g in part*, 416 F. Supp. 2d 828 (C.D. Cal. 2006). In the following description of the litigation, I cite principally to the district court's opinion, as it contained somewhat more factual detail than the decision by the court of appeals. Where the courts differ as to the facts or their significance, I say so.

<sup>26</sup> *Perfect 10*, 416 F. Supp. 2d at 831-32.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* at 832-33.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 833-34.

<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 834.

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* at 837.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

¶10 As to the claims of direct infringement, the district court split the proverbial baby. It ruled in Google's favor as to the exhibition of the websites that were the source of the images, because those images came not from Google's servers but from the source websites themselves.<sup>37</sup> It also held that Google's relationship with and activities regarding these infringing websites were insufficient to make it a contributory or vicarious infringer.<sup>38</sup>

¶11 A different result was reached with respect to Google's display of the thumbnails. Because these images were stored and served by Google itself, it was held to be directly responsible for their display.<sup>39</sup> Thus, since Perfect 10 had not consented to exhibition of the thumbnails, Google would be an infringer absent a defense. The defense asserted by Google was fair use.<sup>40</sup> In particular, Google relied on a decision of the Ninth Circuit in a strikingly similar case: *Kelly v. Arriba Soft Corp.*<sup>41</sup> In *Kelly*, another search engine displayed thumbnail images—in that case copyrighted photographs of the American West—and was sued for direct infringement.<sup>42</sup> The Ninth Circuit, in a decision emphasizing the public benefit inuring from search engines, held that such displays were fair use.<sup>43</sup> In particular, the court found that in the context of Internet searches, creating and displaying thumbnails served a different purpose from the original images and thus, was transformative of and not harmful to the potential market for the original images.<sup>44</sup>

¶12 Although seemingly on all fours with *Kelly*, the district court in *Perfect 10* identified two principal distinctions in holding that Google's use of thumbnails did not qualify as a fair use. First, the court found that Google's use of thumbnails was more commercial than Arriba Soft's, a fact which it believed undermined Google's fair-use claim.<sup>45</sup> The court reached this conclusion based on Google's business model which relied in part on the placement of ads on websites to which it was linking and sharing revenues generated by those ads with those websites.<sup>46</sup> Second, while acknowledging that Google's use of thumbnails was just as transformative as Arriba Soft's,<sup>47</sup> it further held that that it was more consumptive.<sup>48</sup> This

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<sup>37</sup> *Id.* at 838-44.

<sup>38</sup> *Id.* at 853-58.

<sup>39</sup> *Id.* at 844.

<sup>40</sup> *Id.* at 845.

<sup>41</sup> 336 F.3d 811 (9th Cir. 2003).

<sup>42</sup> *Id.* at 815.

<sup>43</sup> *Id.* at 818-22.

<sup>44</sup> *Id.*

<sup>45</sup> *Perfect 10*, 416 F. Supp. 2d at 846-47.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.* at 847-48.

<sup>48</sup> *Id.* at 849.

was the case, according to the district court, because unlike *Kelly*, there was a market for thumbnail-size images of naked models for use on cell phones and other portable devices.<sup>49</sup> By serving such thumbnails, Google undermined that market since third parties could download the images from Google Image Search rather than from Perfect 10's licensees, thus denying Perfect 10 revenue it might otherwise have earned.

¶13 The Ninth Circuit reversed the district court's decision on fair use, holding that *Kelly* effectively controlled the case. In reversing, the court of appeals did not disagree with the district court's view that there were differences between Arriba Soft's search engine at issue in *Kelly* and Google Image Search. However, it held that those differences were not substantial enough under the circumstances presented to undermine Google's fair use defense.<sup>50</sup> As to contributory infringement, the court of appeals disagreed with elements of the district court's analysis and remanded for further consideration.<sup>51</sup>

### *B. Agence France Presse v. Google*

¶14 Agence France Presse, which claims to be the second-oldest news agency in the world, sued Google for copyright infringement in the United States District Court for the District of Columbia.<sup>52</sup> The case, which recently settled in April, 2007,<sup>53</sup> arose out of Google News, which aggregates various news websites. Google News' home page features a collection of headlines, short blurbs and photographs of the most significant news stories of the day.<sup>54</sup> These stories are taken from various other news websites, and each story is linked to the website from which it originates. By clicking on a particular story, the user is taken directly to the originating website. Unlike Google Image Search, the originating website is not framed; the user is taken directly to the website. Google News also has search functionality operating in the same way as its other search engines.

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<sup>49</sup> *Id.*

<sup>50</sup> Perfect 10, Inc. v. Google, Inc., 2007 WL 1428632, at \*12-\*13 (9th Cir. May 16, 2007).

<sup>51</sup> *Id.* at \*16-\*21.

<sup>52</sup> AFP Complaint, *supra* note 15, at 1-2.

<sup>53</sup> See, e.g., Caroline McCarthy, *Agence France-Presse, Google Settle Copyright Dispute*, CNET NEWS.COM, April 6, 2007, [http://news.com.com/Agence+France-Presse%2C+Google+settle+copyright+dispute/2100-1030\\_3-6174008.html?tag=item](http://news.com.com/Agence+France-Presse%2C+Google+settle+copyright+dispute/2100-1030_3-6174008.html?tag=item); Juan Carlos Perez, *Google-AFP Deal Unclear*, WASHINGTONPOST.COM, April 9, 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/04/09/AR2007040900014.html>.

<sup>54</sup> Google News, <http://news.google.com> (last visited Mar. 7, 2007).

¶15 In its complaint, Agence France Presse alleged that Google is directly infringing its photographs, headlines, and textual material.<sup>55</sup> No substantive decision ever issued, but it seems clear that fair use would have been a principal defense.<sup>56</sup> Recently, a Belgian court held that Google News infringed a Belgian news service's copyright, although given the differences between notions of fair use in the United States and Europe, the decision may not have had much bearing on the instant litigation.<sup>57</sup>

### C. The Google Book Project

¶16 The Book Search Project may be Google's most ambitious and controversial undertaking. It involves Google scanning into its searchable database the full text of approximately three-million books contained in some of the major libraries of the world.<sup>58</sup> The books scanned will fall into two basic categories: the Partner Program and the Library Project. In the Partner Program, the party controlling the rights to a work authorizes Google to include the book; thus, this aspect of the Book Project presents no copyright issues. The Library Project includes all books that Google does not have permission to copy. In response to a search, the Book Project will return bibliographic information concerning the relevant books along with links to the relevant pages of the works. By clicking on the links to Google-authorized partners, the user will see whatever is authorized, usually individual pages with the search terms highlighted. Non-partner books fall into two categories. Books in the public domain, are available in their entirety; in other words a user can browse the whole book, page by page. For most books still covered by copyright, users will see only a few sentences surrounding the search term—snippets of the work. They will not be able to read large sections and certain reference books—dictionaries for example—will display only bibliographic information. Google will also display advertising on its pages, and include links that facilitate the purchase of the works returned by the search. Finally, copyright owners who do not want their books included in the database can opt-out by informing Google to remove the works.<sup>59</sup>

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<sup>55</sup> AFP Complaint, *supra* note 15, at 12-14.

<sup>56</sup> See Perez, *supra* note 53.

<sup>57</sup> See Thomas Crampton, *Google Said to Violate Copyright Laws*, N.Y. TIMES, Feb. 14, 2007, available at <http://travel.nytimes.com/2007/02/14/business/14google.html>.

<sup>58</sup> See generally Band, *supra* note 3; Adler, *supra* note 5. Except where indicated, the following summary is drawn from these articles.

<sup>59</sup> Early in the development of the Book Project, Google announced that it would not scan any copyrighted books from August to November 1, 2005, in order to give the rights holders the opportunity to opt-out of the program. See Band,

¶17 In September, 2005, the Authors Guild, along with several individual authors, sued Google for copyright infringement. A month later, five large book publishers followed suit. Google's actions raise two possible copyright issues. First, in creating the database, Google copies and stores the entire text of works, thus potentially violating the copyright owner's reproduction rights. Second, in response to user searches, Google displays snippets from the copyrighted works. Although Google has raised a number of defenses in both suits, fair use is again likely to be central to its effort to ward off the attacks.

## II. COPYRIGHT AND THE FIRST AMENDMENT

¶18 Although no appellate court adopted an independent First Amendment defense to claims of copyright infringement,<sup>60</sup> there is recognition that free speech concerns intersect with copyright.<sup>61</sup> The leading case addressing this question is *Harper & Row Publishers, Inc. v. Nation Enterprises*.<sup>62</sup> There the Supreme Court rejected an argument that "First Amendment values require a different rule under the circumstances of the case."<sup>63</sup> In so doing, however, the Court made several important observations. First, in many respects, copyright and the First Amendment serve the same objectives—the creation and dissemination of a broad and diverse array of information.<sup>64</sup> Copyright seeks to accomplish this through the incentive of economic gain arising from control over the exploitation of

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*supra* note 3 at 90-91. Since then, Google has continued to offer an opt-out option. *Id.* at 92-93.

<sup>60</sup> See *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 555-56 (1985); *Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622, 626 (9th Cir. 2003); *Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001); *United Video v. Fed. Comm'n's Comm'n*, 890 F.2d 1173, 1191 (D.C. Cir. 1989); *Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.*, 600 F.2d 1184 (5th Cir. 1979); *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 758-58 (9th Cir. 1978); *Triangle Publ'ns., Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171 (5th Cir. 1980).

<sup>61</sup> See, e.g., *Eldred v. Ashcroft*, 537 U.S. 186, 221 (2003). There is also a considerable body of thoughtful scholarly literature on the subject. See generally Lionel S. Sobel, *Copyright and the First Amendment: A Gathering Storm?*, 19 COPYRIGHT L. SYMP. (ASCAP) 43 (1971); M. Nimmer, *Copyright and the First Amendment*, 17 UCLA L. REV. 1180 (1970); Paul Goldstein, *Copyright and the First Amendment*, 70 COLUM. L. REV. 983 (1970).

<sup>62</sup> 471 U.S. 539.

<sup>63</sup> *Id.* at 555-60.

<sup>64</sup> Compare *id.* at 558 ("[I]t should not be forgotten that the Framers intended copyright itself to be the engine of free expression.") with *Pac. Gas and Elec. Co. v. Pub. Util. Comm'n of Cal.*, 475 U.S. 1, 8 (1986) ("[T]he First Amendment protects the public's interest in receiving information.").

original works of authorship.<sup>65</sup> The First Amendment does so by removing official barriers to the creation and distribution of expression.<sup>66</sup> Second, to the extent the copyright owner's monopoly over the use of his work might conflict with First Amendment values, two limitations on copyright protection serve to reconcile the competing interests. Copyright protects only the expression of facts and ideas, not the facts and ideas underlying the expression.<sup>67</sup> Thus, so long as one does not misappropriate the creative-expressive elements of another's work, copyright should not be an impediment to the dissemination of information. Additionally, the "latitude for scholarship and comment traditionally afforded by fair use" acts to ensure that competing proprietary and expressive interests remain in balance.<sup>68</sup>

¶19 The *Nation* case arose out of peculiar circumstances where the underlying First Amendment interests, while superficially seductive, were actually not particularly compelling. The publisher of former President Gerald Ford's memoirs authorized *Time* magazine to publish excerpts of the book shortly before it was released.<sup>69</sup> However, before *Time* magazine could do so, the *Nation* magazine secured a purloined copy of the book and scooped *Time* by excerpting it.<sup>70</sup> As the court recognized, what was at issue was the right of first publication, and not the issue of whether the excerpts or the work itself would be published: "Where an author and publisher have invested extensive resources in creating an original work and are poised to release it to the public, no legitimate aim is served by pre-empting the right of first publication."<sup>71</sup>

¶20 Thus, the Court rejected a broad rule "for expanding the doctrine of fair use to create what amounts to a public figure exception to copyright."<sup>72</sup> However, it did not wholly reject the idea that the interpretation and application of the traditional fair use factors should not be informed, where appropriate, by the First Amendment values that animate them. Indeed, in a later case, the Court at least hinted that, in the right case, First Amendment values might well influence the interpretation of the fair use defense: "The fair use doctrine thus 'permits [and requires] courts to avoid rigid

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<sup>65</sup> Harper & Row Publishers, Inc., 471 U.S. at 558.

<sup>66</sup> *Id.* at 559.

<sup>67</sup> *Id.* at 560.

<sup>68</sup> *Id.*

<sup>69</sup> *Id.* at 542-43.

<sup>70</sup> *Id.* at 543.

<sup>71</sup> *Id.* at 557.

<sup>72</sup> *Id.* at 560.

application of the copyright statute when, on occasion, it would stifle the very creativity which the law is designed to foster.”<sup>73</sup>

¶21 Even more recently, the Court “laid to rest the longstanding assumption that copyright is necessarily free from First Amendment scrutiny.”<sup>74</sup> In *Eldred v. Ashcroft*,<sup>75</sup> the Court again suggested that the idea/expression dichotomy and the fair use doctrine serve to protect First Amendment interests.<sup>76</sup> To reject completely any consideration of First Amendment values would simply be inconsistent with the underlying objective of the “Framers [who] intended copyright itself to be the engine of free expression.”<sup>77</sup>

¶22 There are, of course, practical difficulties in relying too heavily on fair use to protect First Amendment values. The First Amendment requires a degree of certainty and predictability in the application of legal doctrine to provide the necessary “breathing space” in order for the idea marketplace to flourish.<sup>78</sup> Fair use, on the other hand, is a notoriously amorphous doctrine. As David Nimmer observed: “Basically had Congress legislated a dart board rather than the particular four fair use factors embodied in the Copyright Act, it appears that the upshot would be the same.”<sup>79</sup>

¶23 Moreover, Professor Rob Kasunic, in a thoughtful examination of the intersection between copyright and the First Amendment, laments “the fact that courts do not routinely acknowledge the important relationship between fair use and free speech values . . . is itself disconcerting.”<sup>80</sup> Nevertheless, while far from a perfect solution, for the time being at least, fair use appears to offer the best option for addressing the issues that are presented by these cases, and it is useful to consider how that doctrine might be applied in a way that is sensitive to the underlying exigencies of a robust speech marketplace.

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<sup>73</sup> *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (quoting *Stewart v. Abend*, 495 U.S. 207, 236 (1990)).

<sup>74</sup> Kasunic, *supra* note 20.

<sup>75</sup> 537 U.S. 186 (2003).

<sup>76</sup> *See id.* at 219.

<sup>77</sup> *Id.*

<sup>78</sup> *See, e.g., Hustler Magazine v. Falwell*, 485 U.S. 46, 56 (1988); *New York Times Co. v. Sullivan*, 376 U.S. 254, 271-72 (1964).

<sup>79</sup> David Nimmer, “*Fairest of Them All*” and *Other Fairy Tales of Fair Use*, 66 LAW & CONTEMP. PROBS. 263, 280 (2003).

<sup>80</sup> Kasunic, *supra* note 20.

### III. HARMONIZING THE FIRST AMENDMENT AND FAIR USE IN THE GOOGLE LITIGATION

¶24 The various Google cases present a wide variety of fair use issues, some mundane and some quite challenging. The remainder of this iBrief focuses on the latter. Before doing so, however, it is important to state that I do not mean to suggest that all, or even most, of the Google litigation will require a rethinking of fair use doctrine to account for First Amendment values. Indeed, the case that one might think raises the most serious First Amendment questions—the Agence France Presse suit over Google News—strikes me as the easiest of the lot, at least from a fair use perspective. Although it involves news reporting, a subject that particularly raises one’s First Amendment hackles,<sup>81</sup> the suit by Agence France Presse fits relatively comfortably into a traditional fair use model, which would ask whether Google’s service transforms the copyright owner’s news stories or usurps its market for news headlines and excerpts from news articles. Assuming such things are copyrightable,<sup>82</sup> the case has significant parallels to a number of other news-related fair use decisions and does not appear to present any particularly novel difficulties.<sup>83</sup>

¶25 The *Perfect 10 v. Google* and Book Project litigations do not seem nearly so simple. These cases, as the district court noted in *Perfect 10*, present nonconsensual uses which can be seen as both transformative and consumptive at the same time.<sup>84</sup> To some degree they involve wholesale copying of creative works, factors which ordinarily weigh against fair use protection.<sup>85</sup> Yet, at the same time, there is an undeniable pro-speech public benefit from Google’s activities; Google’s various search engines allow users to more effectively harness the raw potential of the Internet and

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<sup>81</sup> See, e.g., *Dun & Bradstreet, Inc. v. Greenmoss Builders, Inc.*, 472 U.S. 749, 758-59 (1985) (declaring that speech on issues of public concern is “at the heart of the First Amendment’s protection.” (quoting *First Nat’l Bank of Boston v. Bellotti*, 435 U.S. 765, 776 (1978))).

<sup>82</sup> Google argued that the headlines and excerpts taken from Agence France Presse’s stories are non-copyrightable facts. See Google’s Motion And Memorandum For Partial Summary Judgment Dismissing Count II, *Agence France Presse v. Google Inc.*, No. 1:5cv00546 (GK) (D.D.C. Oct. 12, 2005).

<sup>83</sup> See, e.g., *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 72-73 (2d Cir. 1999) (abstracting and translating news articles is not fair use); *Los Angeles News Service v. KCAL-TV Channel 9*, 108 F.2d 1119 (9th Cir. 1997) (using competitor’s news video is not fair use); *Los Angeles Times v. Free Republic*, 2000 U.S. Dist. LEXIS 5669 (C.D. Cal. 2000) (posting of news stories by an on-line bulletin board is not fair use).

<sup>84</sup> *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828, 849 (C.D. Cal. 2006), *aff’d in part and rev’d in part*, 2007 WL 1428632 (9th Cir. May 16, 2007).

<sup>85</sup> See, e.g., *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449-50 (1984).

everything it contains. Without them—and other similar services—access to relevant information would undoubtedly be more elusive.

¶26 Two aspects of these cases stand out as presenting particularly interesting and significant issues involving the intersection of fair use and the First Amendment. Both revolve around the potential conflict between the commercial side of copyright—encouraging creative expression by protecting commercial exploitation of works—and the speech side—permitting certain productive uses that benefit the public to trump the owner’s proprietary interest. The first issue raises the question of when an otherwise fair use should be overcome because the actions of the “fair user” might, in some respect, contribute to or facilitate unlawful infringements by third parties. This issue is seen most clearly in *Perfect 10*. The second issue—presented by the Book Project cases—relates to the fourth fair use factor—the effect a use has on a potential market—and asks how substantial the market must be in order to hold significant weight. Each is addressed in turn.

#### *A. Contributory Infringement as a Factor in Fair Use Analysis*

¶27 As discussed above, the litigation involving Perfect 10 was not the first time the Ninth Circuit was confronted with the fair use implications of the use of thumbnail images to facilitate Internet search. Several years earlier, in *Kelly v. Arriba Soft*,<sup>86</sup> the Court of Appeals for the Ninth Circuit sustained another search engine’s fair use defense under similar circumstances. Thus, unless there is a material distinction, *Kelly* should have controlled the outcome of Perfect 10’s claims.

¶28 The district court found two such distinctions, which, in its view, undermined Google’s claim of fair use. First, Google’s AdSense advertising program allowed third-party websites, which Google linked to, to carry Google-sponsored ads and share in the revenue from them. The result, as the court noted, was “[i]f third-party websites that contain infringing copies of [Perfect 10’s] photographs are also AdSense partners, Google will serve advertisements on those sites and split the revenue generated from users who click on the Google-served advertisements.”<sup>87</sup> Notwithstanding Google’s policy prohibiting the display of AdSense advertisements on pages containing images that appeared in Google Search results, the court found that Google failed to present evidence supporting enforcement of this policy while Perfect 10 offered “numerous screenshots of third-party websites that serve infringing content and also appear to be receiving and displaying AdSense ads from Google.”<sup>88</sup> In effect, the court

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<sup>86</sup> 336 F.3d 811 (9th Cir. 2003).

<sup>87</sup> *Perfect 10*, 416 F. Supp. 2d at 846.

<sup>88</sup> *Id.* at 846-47.

discounted Google's claim of a fair use defense because its search engine was more commercial than Arriba Soft's in that it was indirectly profiting from infringing content and assisting infringing websites in their efforts to profit as well.

¶29 Second, in evaluating the effect on Perfect 10's potential market, the district court found that unlike the photographs in *Kelly*, there was a market for the Perfect 10 thumbnails for downloads to cell phones and other portable devices. Since Google's serving these thumbnails could be viewed as assisting third parties in obtaining such images without having to pay Perfect 10, or its thumbnail licensee, the court viewed Google's actions as undermining the market.<sup>89</sup>

¶30 The similarity between both of the distinctions offered by the district court is readily apparent. In each case Google was effectively held responsible, not for its own conduct, but for the unlawful activities of third-party infringers: in the case of its AdSense program, the websites that pirated Perfect 10's photographs, and in the case of users of its search technology, those who downloaded the images to other devices.

¶31 Although the court of appeals reversed the district court, its analysis appeared to accept that the two distinctions the district court relied on might, in the right case, justify rejection of a fair use defense. Rather than rejecting the relevance of these distinctions, the court of appeals simply took issue with the district court as to their relative importance in the context of this particular "case-specific analysis of fair use."<sup>90</sup> As to third-party downloads of Perfect 10's images to cell phones, the court noted that "the district court did not find that any downloads for mobile phone use had taken place."<sup>91</sup> Similarly, in regard to the AdSense program, the court emphasized the absence of any determination "that this commercial element was significant."<sup>92</sup>

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<sup>89</sup> *Id.* at 849.

<sup>90</sup> *Perfect 10, Inc. v. Google, Inc.*, 2007 WL 1428632, at \*12 (9th Cir. May 16, 2007).

<sup>91</sup> *Id.* The court of appeals dismissed Perfect 10's argument that cell phone downloads harmed its potential market because any such concern was only "hypothetical." *Id.* at \*14. Yet because the fourth fair use factor considers potential as well as actual market harm, it is not clear why the hypothetical possibility that a real market was being undermined is, in itself, fatal to the argument.

<sup>92</sup> *Id.* at \*12. The court of appeals conclusion in this respect is somewhat curious in that if found that the AdSense program as a whole contributed "\$630 million or 46% of total revenues" to Google's bottom line." *Id.* at \*12 (quoting *Perfect 10*, 416 F. Supp. at 847 & n.12). It discounted this figure, however, because it did not "break down the much smaller amount attributed to websites that contain infringing content." *Id.* If, in fact, this was the basis for the court's

¶32 In considering the relevance of these two factors to the fair use analysis, several facts need to be kept in mind concerning the nature of Google's actions. First, neither the district court nor the court of appeals suggested that Google authorized or encouraged third parties to infringe Perfect 10's photographs. Second, any connection Google had with these infringements was indirect at best. To be sure, the third-party website infringers were better off financially as a result of the AdSense program, but that program was not in any sense predicated on supporting infringing websites. Indeed, it was largely blind to the particular activities of the websites where the ads were placed. And while the district court was correct that Google "has a strong incentive to link to as many third-party websites as possible—including those that host AdSense advertisements,"<sup>93</sup> it does not benefit in any particular way from the fact that a website may engage in infringing activities. It treats all of its AdSense partners the same.

¶33 Similarly, there was no suggestion that Google either authorized users of its search results to download any of its thumbnail images or provided the technological functionality to do so. In fact, the functionality to download the pictures came from the users' own web browsers, not from Google.<sup>94</sup>

¶34 Notwithstanding Google's rather tenuous connection with any third-party infringement, both the district court and the court of appeals accepted that an otherwise valid fair use defense to providing technology—a search engine and ad-sharing software—could be undermined if providing that technology might, to some degree, facilitate infringing activities by third parties. In this sense, then, the theoretical moorings of a fair use defense in such circumstances differ from those applicable to most fair use cases, which turn on the harm caused directly by the party claiming fair use, not someone else. Here, Google's actions are more analogous to the cases following from *Sony Corp. of America v. Universal City Studios, Inc.*,<sup>95</sup> which involved claims that the manufacturers or distributors of various technological devices or services were liable for contributory infringement for inducing or materially contributing to illegal activities by third parties.<sup>96</sup>

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disagreement with the district court's reasoning, one might think that the more appropriate course of action would be to remand the case for additional findings of fact. Paradoxically, the court of appeals did the opposite, holding that "[b]ecause the district court here 'found facts sufficient to evaluate each of the statutory factors . . . [w]e need not remand for further fact-finding.'" *Id.* at \*15.

<sup>93</sup> *Perfect 10*, 416 F.Supp. at 847.

<sup>94</sup> *Id.* at 854.

<sup>95</sup> *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449-50 (1984).

<sup>96</sup> *See, e.g., Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005).

¶35 What makes the *Perfect 10* decisions all the more curious and problematic is that both courts reviewed these contributory infringement decisions in connection with Perfect 10's allegation of contributory infringement arising out of Google's linking to infringing websites, which then displayed the images in a Google frame. Perfect 10 made essentially the same arguments in this context that it did in its direct infringement case—that AdSense and serving up thumbnails contributed to third-party infringement<sup>97</sup>—but here the district court rejected Google's contribution as insufficient to support contributory liability,<sup>98</sup> while the court of appeals appeared to acknowledge that Perfect 10 might be able to make its case.<sup>99</sup> Perfect 10 relied principally on cases involving peer-to-peer file-sharing networks that were held liable for contributory infringement,<sup>100</sup> but the district court went to considerable lengths to distinguish the infringement on a "massive scale"<sup>101</sup> that characterized these other decisions from Google's far more limited role.<sup>102</sup> On the other hand, the court of appeals acknowledged that while "Google did not provide a significant revenue stream to the infringing websites," it nonetheless might be held liable because it "substantially assists websites to distribute their infringing copies to a worldwide market and assists a worldwide audience of users to access infringing materials."<sup>103</sup> Thus, there is a significant disconnect between

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<sup>97</sup> See *Perfect 10*, 416 F. Supp. 2d at 852-55; *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001).

<sup>98</sup> *Perfect 10*, 416 F. Supp. 2d. at 851-56.

<sup>99</sup> 2007 WL 1428632 at \*19.

<sup>100</sup> *Perfect 10*, 416 F.Supp. at 852-53.

<sup>101</sup> *Id.* at 852.

<sup>102</sup> See *id.* at 852-56.

<sup>103</sup> *Perfect 10*, 2007 WL 1428632 at \*19. Although full consideration of theories of contributory infringement is beyond the scope of this iBrief, it at least bears note that the Ninth Circuit's treatment of the issue seems at odds with the Supreme Court's approach articulated in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster*, 545 U.S. 913 (2005). Read literally, the court of appeals opinion in *Perfect 10* would appear to contemplate that contributory liability could be imposed if Google had "knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10's copyrighted works, and failed to take such steps." 2007 WL 1428632 at \*19. *Grokster*, to the contrary, seemed to contemplate a much higher threshold of culpability. First, the overall tenor of the Supreme Court's decision appeared to comprehend liability only in the more "acute" cases involving "purposeful, culpable expression and conduct." 545 U.S. at 932, 937. Moreover, the court seemed clear in its resolve not to permit liability to be imposed merely because a system's design allowed for infringement, even where the designer knew that infringing activity was taking place: "Accordingly, just as *Sony* did not find intentional inducement despite the knowledge of the VCR manufacturer that its device could be used to infringe, mere knowledge of infringing potential or of actual infringing uses would not be enough to subject a

both aspects of Perfect 10's claims—direct versus contributory infringement liability—as well as the logical consistency of each court's treatment of those respective claims .

¶36 As to the district court's reasoning, if, on the one hand, Google's activities regarding third-party infringers were insufficient to support contributory liability, why were they enough to defeat a fair use claim? Conversely, as to the court of appeals analysis, if Google's actions do not significantly contribute enough to support a claim of direct infringement (by defeating a fair use defense) how, then, can these same activities suddenly rise to a level sufficient to support indirect contributory liability?

¶37 It is true that Google's actions in *Perfect 10* differed in at least one respect from those at issue in the *Sony* line of cases: Google itself actually copied and displayed Perfect 10's copyrighted images, qualifying it as a direct infringer absent some defense. But is that a distinction with any difference in circumstances like this? If one accepts the wisdom of the Ninth Circuit's *Kelly* decision, then there was nothing inherently problematic with Google's operation of a search engine utilizing thumbnail versions of copyrighted photographs; in other words, the socially useful act of creating thumbnail images for use in Internet search ordinarily qualifies as a fair use. It was only the putative connection between Google and the third-party infringers that, in the district court's view, mandated a different result.

¶38 In considering whether Google (or any search engine for that matter) should be charged in this context with the transgressions of others, there may be a useful analogy to First Amendment doctrine. Copyright issues aside, controversial speech can often lead listeners to act in ways that

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distributor to liability.” *Id.* at 937. Although the Court did cite the failure of the alleged infringer in *Grokster* to develop filtering tools to combat infringement, it did so against a background of massive infringement and clear intent to encourage such conduct, while making clear that “in the absence of other evidence of intent, a court would be unable to find contributory infringement liability merely based on a failure to take affirmative steps to prevent infringement, if the device was capable of substantial noninfringing uses. Such a holding would tread too close to the *Sony* safe harbor.” *Id.* at 939 n.12. In this respect, then, the district court's thoughtful analysis of the contributory infringement cases would seem far more consistent with the Supreme Court's jurisprudence than with the court of appeals' treatment of the issue. The importance of this issue in the *Perfect 10* litigation may be minimized by application of § 512 of the Digital Millennium Copyright Act, which may provide Google with a safe harbor against Perfect 10's infringement claims. *See* 17 U.S.C. § 512(d). The district court did not reach that issue and, in its remand, the court of appeals directed that it be considered. *See* 2007 WL 1428632 at \*21.

are socially undesirable. While most people who watch violent movies or play violent videogames return without incident to their normal lives, some find such activities to be an exhortation to commit crimes or other harmful acts.<sup>104</sup> In evaluating whether the First Amendment is a bar to imposing liability on a speaker who may bear some indirect responsibility for such violence, the courts have fashioned a fairly rigorous standard that, in most instances, does not permit the independent actions of third parties to be charged to the speaker. Only where the speaker intends to cause such harm by his speech and speaks in a way that is likely to bring about that harm imminently, will liability attach.<sup>105</sup> Otherwise, the courts have recognized, too much useful expression might be deterred.<sup>106</sup>

¶39 By the same token, imposing too much responsibility on an otherwise fair user might well deter reliance on that defense. In the peer-to-peer file-sharing cases, which present the closest analogy to *Perfect 10*, the courts imposed liability in circumstances where there was massive third-party infringement substantially encouraged by defendants.<sup>107</sup> Where such significant indicia of complicity are not present, courts are far more reluctant to hold a relatively innocent party responsible for potentially infringing actions of others.<sup>108</sup>

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<sup>104</sup> See, e.g., *Herceg v. Hustler Magazine, Inc.*, 814 F.2d 1017 (5th Cir. 1987); *Zamora v. Columbia Broad. Sys.*, 480 F. Supp. 199 (S.D. Fla. 1979); *Byers v. Edmonson*, 712 So. 2d 681 (La. Ct. App. 1998).

<sup>105</sup> See, e.g., *Brandenburg v. Ohio*, 395 U.S. 444, 447 (1969); *Herceg*, 814 F.2d at 1022. But see *Rice v. Palladin Enters., Inc.*, 128 F.3d 233, 242-50 (4th Cir. 1997) (holding an instructional manual intended to cause harm could be subject to aiding and abetting liability without a showing that harm was imminent).

<sup>106</sup> See, e.g., *Herceg*, 814 F.2d at 1024.

<sup>107</sup> *Perfect 10*, 416 F. Supp. 2d at 852. In *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster*, 545 U.S. 913, 937 (2005), the Supreme Court appeared to impose a similarly high burden, holding that “mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability. [T]he inducement rule, instead, premises liability on purposeful culpable expression and conduct . . . .”

<sup>108</sup> See *Matthew Bender & Co. v. West Publ’g Co.*, 158 F.3d 693, 706-07 (2d Cir. 1998). A line of cases involving the operation of computer bulletin boards and other technologically-based services also presents a useful analogy. As one district court explained in another case involving *Perfect 10*:

Computer technology, and in particular the Internet, has created a challenge to copyright’s strict liability scheme. Because of the architecture of the web and the workings of computer technology, almost any business that utilizes computer hardware to create access to the Internet or to store content may find its hardware creating or displaying infringing material as a result of decisions by third-parties (the system’s users) without the business doing any truly volitional actions.

¶40 It is true, perhaps, that in the *Perfect 10* cases, Google was in a position to exert some control over the third party's infringing actions. Perhaps Google could simply refuse to place ads on other websites connected with infringing images or could post only textual responses to search queries. But should it have to?<sup>109</sup> As the district court recognized, Google's search tools are enormously beneficial to the public. The actions that might prevent the activities of these infringers might also compromise the utility or effectiveness of search technology, either by undermining Google's economic model or by making searches less complete or useful. The ultimate question here is whether, absent some truly purposeful conduct designed to encourage or facilitate infringement, the actions of unrelated third-party infringers—when judged against the utility of Internet search as a whole<sup>110</sup>—require that we throw the proverbial baby out with the bath water. If one takes into account the underlying First Amendment values promoted by fair use, it seems the likely answer should be no.

¶41 In addition to the doctrinal concerns arising from the treatment of fair use in the *Perfect 10* cases, the court of appeals' analysis of the issue raises an additional concern. As I discussed in Section II, an important element of any First Amendment-based rule is a degree of certainty in its application sufficient to allow parties to predict the consequences of their actions. Absent predictability, speakers may tend to forgo protected expression so as to avoid liability, or the expense of proving their case.<sup>111</sup>

¶42 Although fair use is a notoriously amorphous doctrine, the court of appeals' application of it in *Perfect 10* is particularly problematic. At bottom, the court's decision is predicated on its view that Google's alleged

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*Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146, 1167 (C.D. Cal. 2002). In such instances, courts have refused to impose direct infringement liability on such passive conduct absent some other element of volition or encouragement of infringement. *See, e.g.*, *Sega Enters. Ltd. v. MAPHIA*, 948 F. Supp 923, 932 (N.D. Cal. 1996); *Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc.*, 907 F. Supp. 1361, 1372-73 (N.D. Cal. 1995).

<sup>109</sup> It is worth noting that in *Grokster*, the Court recognized that the mere failure to take affirmative steps to counteract known third parties' infringing activities is an insufficient basis for contributory liability. *See* 545 U.S. at 939 n.12.

<sup>110</sup> In making this argument I do not intend to minimize the harm that these third-party infringers cause companies like *Perfect 10*, which has litigated aggressively to prevent such piracy. *See Perfect 10, Inc. v. CCBill, LLC*, 340 F. Supp. 1077 (C.D. Cal. 2004); *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 1146 (C.D. Cal. 2002). The question, however, is who should bear the burden in cases like this, and in answering that question, a broader view of the issue is appropriate in my view.

<sup>111</sup> *See supra* text accompanying note 78.

contribution to infringing conduct was “not significant at present.”<sup>112</sup> The court offers no clues as to when such activity might cross the “significance” threshold. What if Perfect 10 were able to show a number of actual cell phone downloads from infringing websites? And if it could, how many downloads would be significant? Similarly, what if one percent of Google’s AdSense revenue came from websites that contained infringing material? According to the court of appeals’ opinion, this would amount to \$6.3 million. Is this significant? Moreover, must there be a direct connection between the generation of that revenue and the infringing material, or is the mere presence of infringing material on an AdSense-partner website enough? These and any number of other questions spring from the court of appeals’ decisions, and it is precisely these kind of imponderables that have a tendency to chill expression. If the fair use doctrine is truly going to be a principal mechanism for reconciling free speech and copyright, this kind of relativistic analysis needs to be banished from the lexicon.

*B. How Real and Significant Must a Market Be to Undermine the Case for Fair Use Protection?*

¶43 The Google Book Project litigation presents an equally interesting and important issue as to the scope of fair use in regard to the effect on the copyright owner’s market for his work: What constitutes the kind of market that a copyright owner is entitled to exploit to the exclusion of others?

¶44 Harm to the potential market for a copyrighted work is a key factor in the fair use equation.<sup>113</sup> Copyright seeks to encourage creation through economic incentive; thus, any action that materially diminishes that incentive is to some degree at odds with the theoretical underpinnings of the protection of original works of authorship.<sup>114</sup>

¶45 Difficulties in defining relevant copyright markets are not new, and are complicated by the fact that potential, as well as actual, markets are relevant in evaluating fair use claims.<sup>115</sup> What constitutes a potential, yet

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<sup>112</sup> Perfect 10, Inc. v. Google, Inc., 2007 WL 1428632, at \*12 (9th Cir. May 16, 2007).

<sup>113</sup> The Supreme Court has gone so far as to say market harm is “undoubtedly the single most important element of fair use.” Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 566 (1985). More recently, however, the Court has backed away from giving such presumptive weight to any one factor. See Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 591 (1994).

<sup>114</sup> This principle is not without its limits, as “[t]he primary objective of copyright is not to reward the labor of authors, but ‘[t]o promote the Progress of Science and useful Arts.’” Feist Publ’ns, Inc. v. Rural Tel. Service Co., 499 U.S. 340, 349-50 (1991) (quoting U.S. CONST. art. I, §8, cl. 8).

<sup>115</sup> See, e.g., Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 566-67 (1985).

unexploited, market is a question that commonly engenders significant debate. At times the debate over what is a potential market takes on an air of circularity. Fair users' arguments that no potential market exists for a particular use are often met with the copyright owner's response that users' need for the material itself demonstrates the existence of a potential market. For example, this argument was advanced in a case arising out of CNN's unauthorized use of a clip from a Robert Mitchum movie in a television obituary.<sup>116</sup> The court upheld CNN's fair use claim because there was no demonstration that a real and substantial licensing market existed for such uses.<sup>117</sup>

¶46 The court's decision was consistent with the prevailing rule that only potential markets that are "traditional, reasonable or likely to be developed" are relevant to fair use analysis.<sup>118</sup> While this standard is admittedly vague, First Amendment values underlying copyright can be useful in confining it so that the proper balance is struck between the copyright owners' economic incentive and the public's interest in access to diverse information.<sup>119</sup> This balance is likely to play out in a particularly interesting way in the Book Project litigation.

¶47 Book publishers will undoubtedly argue that they have a right to licensing revenues for the copying and use of their works in Internet search databases. They will certainly cite to the Partners Program where Google licenses books for its database in support of this argument. Nevertheless, as the courts recognized, "a publisher's willingness to pay license fees . . . does not establish that the publisher may not, in the alternative, make fair use [of the work]."<sup>120</sup>

¶48 On the other hand, as at least one commentator recognized, it may be difficult for the book publishers to argue effectively that they are being denied a real and substantial market, since "the value of a license with respect to any particular book would be relatively small."<sup>121</sup> This is because the value of Internet book search lies in the aggregation of works and the technology used to sort them. For example, unlike a popular musical composition which has intrinsic stand-alone value in the licensing market,

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<sup>116</sup> See *Video-Cinema Films, Inc. v. Cable News Network, Inc.*, 2001 WL 1518264, at \*9 (S.D.N.Y. Nov. 28, 2001).

<sup>117</sup> *Id.*

<sup>118</sup> *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 614 (2d Cir. 2006), (quoting *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 930 (2d Cir. 1994)).

<sup>119</sup> See *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 804-05 (9th Cir. 2003).

<sup>120</sup> *Bill Graham Archives*, 448 F.3d at 615; see *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 585 (1994).

<sup>121</sup> See *Band*, *supra* note 3, at 104.

an individual book, no matter how successful, has little value as a stand-alone database. It is only the aggregation of large numbers of works that has value.

¶49 Indeed, in terms of its utility for Internet search, a book's value does not derive from its expressive elements. Rather it is the *fact* of its existence that is important. In other words, an Internet search engine views books as data or information, which may or may not be responsive to a particular query. The creativity, artistry or popularity of the underlying expression, while perhaps of interest to the party conducting the search, is largely irrelevant to the search engine. In this respect, books in a database are being used as part of the informational universe of facts, not for their expressive worth.

¶50 As discussed earlier, a fundamental premise of reconciling copyright and First Amendment interests is that facts and information are not protected. A reasonable corollary to this principle might be that uses of copyrighted works trading on their informational rather than expressive value should not present the kind of market harm that will defeat a claim of fair use.<sup>122</sup> Thus, in evaluating Google's claim of fair use, there is a serious question as to whether the kinds of harm the publishers are likely to assert should be cognizable in evaluating Google's likely fair use argument.

#### CONCLUSION

¶51 Although it is now well settled that there is a relationship between copyright and the First Amendment, there is a dearth of case law defining precisely how the latter may act to define the reach of the former. Perhaps this is due to the fact that those cases coming closest to raising the potential conflict between proprietary and public interests were resolvable through the application of traditional copyright principles. In at least some respects, some of the Google cases seem less susceptible to neat solutions. Ultimately, Professor Kasunic may be correct that legislative or other means will be necessary to deal with these problems. However, for the time being it may be worth exploring whether, and to what extent, First Amendment doctrine might help to shape the resolution of these disputes. The Supreme Court is not blind to the fact that technology may create a need for a new gloss on traditional fair use doctrine, "especially during a period of rapid technological change."<sup>123</sup> While this iBrief offers several modest suggestions for how that might be done within the context of existing law, it may not completely resolve the difficult issues that the courts are facing.

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<sup>122</sup> See *Bill Graham Archives*, 448 F.3d at 615 ("[C]opyright owners may not preempt exploitation of transformative markets . . .") (quoting *Castle Rock Entm't, Inc. v. Carol Publ'g Group*, 150 F.3d 132, 146 n.11 (2d Cir. 1998)).

<sup>123</sup> *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 450 (1984).

However, these suggestions may help make the problems somewhat more tractable.